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MONTANA PUBLIC SERVICE COMMISSION

Contact: Eric Sell- Communications Director

esell@mt.gov

W: 406.444.5772

C: 406.202.5326

July 7, 2016

Montana Public Service Commission reaches settlement agreement with Liberty Utilities

\$150,000 in fines will be donated to Missoula Human Resource Council

HELENA, Mont. – July 7, 2016 – The Montana Public Service Commission approved a settlement agreement Thursday with Liberty Utilities Co. for the unauthorized sale and transfer of Missoula’s water system, Mountain Water Co., last January.

Liberty Utilities and Mountain Water approached the Commission with an offer to enter into settlement discussions after the PSC voted to seek the statutory maximum penalty against Liberty Utilities in Montana district court for the unauthorized transaction.

“It was completely inappropriate for Liberty Utilities to skirt the laws of our state, and I am very pleased that we could come together and reach a settlement that benefits Mountain Water’s customers,” said Commissioner Bob Lake, R-Hamilton. “The \$1.1 million annual rate reduction that we approved for ratepayers last month is now protected from being challenged in court, and a quality, local organization will gain much needed resources to help those less fortunate in the Missoula community. This settlement is as good as any outcome that we could have hoped for from a lawsuit, and with the added benefit of avoiding more litigation.”

The terms and conditions of the settlement include,

- (1) Mountain Water will pay \$150,000 to the Human Resource Council designated for use in its low income and renters repair and replacement program, which assists qualifying individuals with the cost of replacing service lines or meter installation costs normally borne by customers within Mountain Water’s service area. This figure represents the statutory maximum in fines Liberty Utilities would pay had the PSC’s complaint gone forward in court. The money will come out of Mountain Water’s profits and not from rates charged to customers.
- (2) Mountain Water will not challenge the \$1.1 million annual rate reduction approved by the PSC in May.

- (3) Mountain Water, Liberty Utilities, and its corporate affiliates agree no sale or transfer of Mountain Water shall take place without prior approval by the Commission.
- (4) Mountain Water will not attempt to seek recovery of any costs related to the Liberty Utility acquisition, including acquisition premium, transaction, and transition costs.
- (5) In its next general rate case, Mountain Water will provide the Commission information about it and its upstream corporate ownership to ensure Mountain Water will provide reasonably adequate service and facilities at just and reasonable rates. Mountain Water also will consent to the Commission including a review of ring-fencing provisions within the rate docket.

Speaking to the settlement, PSC Chairman Brad Johnson, R- East Helena, said,

“This settlement not only reaffirms the Commission’s authority to review sales and transfers of utilities, it also demonstrates to all other utilities operating in Montana that ignoring the Commission’s oversight authority is unacceptable, and doing so has consequences.”

Due to the outdated statutorily prescribed level of allowable fines for an unauthorized sale of a utility, the Commission recently voted to introduce a bill during the 2017 legislative session to increase the maximum penalty from the current ceiling of \$1,000 a day, to \$10,000 a day.

To view the full settlement, visit: <http://bit.ly/29xtjZb>

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